

109TH CONGRESS
1ST SESSION

H. R. 651

To amend the Internal Revenue Code of 1986 to make improvements to assist young farmers and ranchers.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 8, 2005

Mr. KING of Iowa (for himself, Mr. SHIMKUS, Mr. LEACH, Mr. LATHAM, and Mr. NUSSLE) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to make improvements to assist young farmers and ranchers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Agricultural Bond Im-

5 provement Act of 2005”.

6 **SEC. 2. EXEMPTION OF AGRICULTURAL BONDS FROM PRI-**
7 **VATE ACTIVITY BOND VOLUME LIMITS.**

8 (a) IN GENERAL.—Section 146(g) of the Internal
9 Revenue Code of 1986 (relating to exception for certain
10 bonds) is amended by striking “and” at the end of para-

1 graph (3), by striking the period at the end of paragraph
 2 (4) and inserting “, and”, and by inserting after para-
 3 graph (4) the following new paragraph:

4 “(5) any qualified small issue bond described in
 5 section 144(a)(12)(B)(ii).”.

6 (b) EFFECTIVE DATE.—The amendments made by
 7 this section shall apply to bonds issued after the date of
 8 the enactment of this Act.

9 **SEC. 3. FARM SERVICE AGENCY GUARANTEES EXEMPTED**
 10 **FROM FEDERAL GUARANTEE PROHIBITION**
 11 **ON TAX-EXEMPT BONDS.**

12 (a) IN GENERAL.—Subparagraph (A) of section
 13 149(b)(3) of the Internal Revenue Code of 1986 (relating
 14 to certain insurance programs) is amended by striking
 15 “or” at the end of clause (ii), by striking the period at
 16 the end of clause (iii) and inserting “, or”, and by insert-
 17 ing after clause (iii) the following new clause:

18 “(iv) any guarantee of a loan under
 19 title III of the Consolidated Farm and
 20 Rural Development Act.”.

21 (b) EFFECTIVE DATE.—The amendments made by
 22 this section shall apply to bonds issued after the date of
 23 the enactment of this Act.

1 **SEC. 4. INCREASE IN LOAN LIMITS ON AGRICULTURAL**
2 **BONDS.**

3 (a) IN GENERAL.—Subparagraph (A) of section
4 147(c)(2) of the Internal Revenue Code of 1986 (relating
5 to general rule for exception for first-time farmers) is
6 amended to read as follows:

7 “(A) IN GENERAL.—

8 “(i) If the requirements of subpara-
9 graph (B) are met with respect to any
10 land, paragraph (1) shall not apply to such
11 land, and subsection (d) shall not apply to
12 property to be used thereon for farming
13 purposes, but only to the extent of expend-
14 itures (financed with the proceeds of the
15 issue) not in excess of \$450,000.

16 “(ii) In the case of any calendar year
17 after 2005, the \$450,000 amount con-
18 tained in clause (i) shall be increased by an
19 amount equal to such dollar amount multi-
20 plied by the inflation percentage deter-
21 mined under section 305(c) of the Consoli-
22 dated Farm and Rural Development Act (7
23 U.S.C. 1925(c)) for the calendar year, de-
24 termined by substituting ‘calendar year’
25 for ‘fiscal year’ each place it appears and
26 by substituting ‘2004’ for ‘1996’ in para-

1 graph (2) thereof. Any increase determined
 2 under this clause shall be rounded to the
 3 nearest multiple of \$100.”.

4 (b) CONFORMING AMENDMENT.—Section
 5 147(c)(2)(C)(i)(II) of such Code is amended by striking
 6 “\$250,000” and inserting “the amount in effect under
 7 subparagraph (A)(i)”.

8 (c) EFFECTIVE DATE.—The amendment made by
 9 this section shall apply to bonds issued after the date of
 10 the enactment of this Act.

11 **SEC. 5. REPEAL OF DOLLAR AMOUNT IN DEFINITION OF**
 12 **SUBSTANTIAL FARMLAND.**

13 (a) IN GENERAL.—Subparagraph (E) of section
 14 147(c)(2) of the Internal Revenue Code of 1986 (defining
 15 substantial farmland) is amended to read as follows:

16 “(E) SUBSTANTIAL FARMLAND.—For pur-
 17 poses of this paragraph, the term ‘substantial
 18 farmland’ means any parcel of land unless such
 19 parcel is smaller than 30 percent of the average
 20 size of a farm in the county in which such par-
 21 cel is located.”.

22 (b) EFFECTIVE DATE.—The amendment made by
 23 this section shall apply to bonds issued after the date of
 24 the enactment of this Act.

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